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Families count on state guarantee as hedge against rising tuition costs

Sept. 15 launches 11th year of Washington's prepaid college tuition program

OLYMPIA – Washington's Guaranteed Education Tuition (GET) program kicks off its 11th year tomorrow (September 15). GET has experienced tremendous growth in recent years as parents facing uncertain economic times choose this safe and secure way to save for college tuition.

According to Betty Lochner, director of the GET program, more than 90,000 children now have accounts with GET, which guarantees that money set aside for college today will keep pace with rising tuition costs. GET has been the fastest-growing 529 prepaid college tuition program in the country for four years in a row.

"Many parents don't want to risk saving for their kids' college education in a volatile stock market. They prefer the peace of mind that comes with a state guarantee," Lochner said. While other college savings plans may also offer a tax break, parents must decide which funds to invest in, and the result is not guaranteed, she said.

"Those who don't participate in GET risk losing their savings at each downturn of the market," Lochner said. "With GET, the future value of the account is guaranteed." The GET program allows families to prepay for their children's college tuition at today's cost and the state guarantees that the value of their accounts will keep pace with the cost of tuition, no matter how much it increases in the future.

The program works on a unit system, with 100 GET units equal to one year of resident undergraduate tuition and required state fees at the most expensive Washington public university, either Washington State University or the University of Washington. The state guarantees that if you buy one year of college tuition today (100 GET units) you'll have one year of college tuition paid for when your child is ready for college.

Lochner said GET accounts can be used at colleges outside of Washington State. In fact, families can use their accounts at nearly any public or private college, university, or vocational school in the country. The monetary value of the account is the same, whether a child attends an in-state public university or an out-of-state private college.

If the child attends a college with higher tuition costs than the benchmark University of Washington or Washington State University tuition, they'll pay the difference. If tuition is less, the student may use extra money left to spend on room and board, books, or other qualified higher education costs. If a child with a GET account doesn't go to college, receives a scholarship, or otherwise doesn't need college funding, the owner of the account can transfer it to another family member or request a refund.

Encouraging parents to set money aside for education when their children are young is a key goal of the state program, according to Lochner. "The important thing is to start saving something as soon as you can," she said. "The account value keeps growing, and you can add more units as the years go on."

During the past 10 years, undergraduate tuition has climbed an average of 7.1 percent annually at the University of Washington and Washington State University, far outpacing inflation and family incomes. The GET program helps families fight back. Lump Sum GET units purchased just 10 years ago have realized a 77 percent return. Parents can start their account with a lump sum, or with a payment plan as low as \$34 per month.

The cost this year for one GET unit is \$76, which will remain constant from September 15 through March 31, when enrollment for the year closes. Lochner said the program works hard to keep the cost of GET units affordable.

"Everything around us seems to be going up, but the GET program has held down unit costs while still meeting the promise of funding college tuition in the future. We are working to increase educational opportunities and reduce student debt."

Because GET is a state 529 plan, the money families put into their accounts will grow tax-free and all withdrawals will be tax-free when used for tuition, room and board, books or other qualified higher education expenses.

Anyone – parents, grandparents, or friends – can open a GET account. The only requirement is that either the student or account owner be a Washington resident at the time the account is opened. Last year 11,882 new accounts were opened, and 84 percent of those were completed online.

To date, more than 10,000 students have used their accounts at colleges in 49 states and five foreign countries. The program has assets totaling over \$1.1 billion.

GET's new enrollment year runs through March 31, 2009. To learn more about the GET program, go online at www.get.wa.gov or call 1-800-955-2318 (toll-free).

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Note to Editors: Local families are available for interviews.